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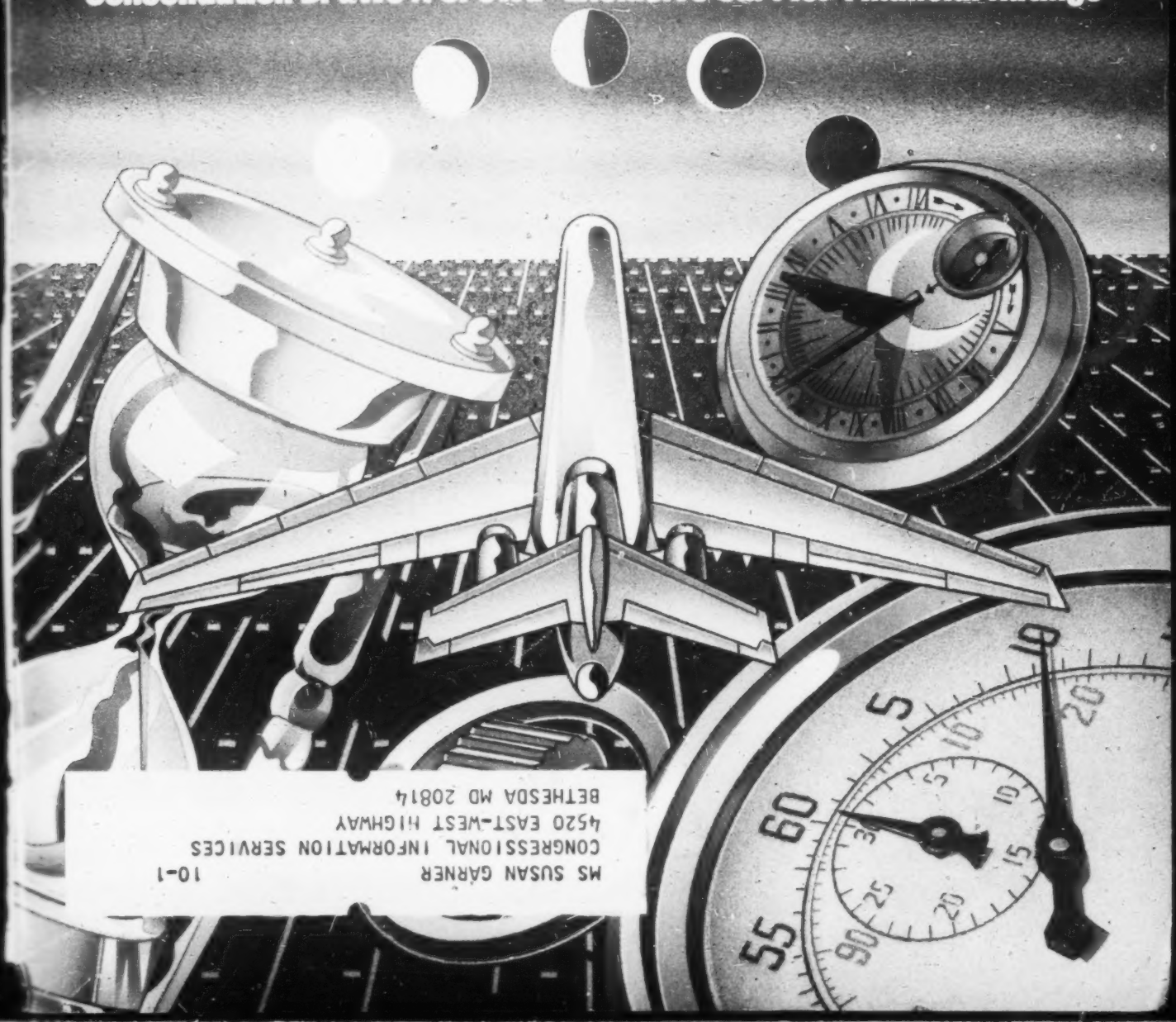
FOR TRAFFIC & TRANSPORTATION DECISION MAKERS

TIME TO SORT OUT YOUR AIR FREIGHT OPTIONS

Consolidation Draws A Crowd - Exclusive Carrier Financial Ratings



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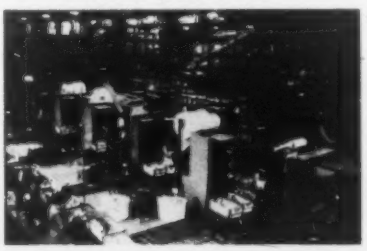

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Our recent software directory ("Software Masterpieces for Distribution," February, p. 11) gave vendors a chance to show you what they had to offer in the way of transportation-related computer systems. Afterward, it seemed only fair to give readers a chance to tell the vendors what was on their minds. What they seemed to be saying was: "Keep up the good work...but don't forget that shippers' needs are many and varied. Software that satisfies only one or two of those needs, or is only applicable some of the time, is not of much use."

To achieve this flexibility, though, users don't necessarily want the programming made more sophisticated, or too cumbersome to run on minis and micros. What they are asking for is simplification, so that they can purchase basic systems and do the needed tailoring themselves. And users can't afford to purchase hardware to match a program; they want software that will perform on computers they're already using.

"For management of the inbound freight costs for a distribution center, we must both pay the carrier and charge individual departments off of the same document. We must also develop cost/tonnage/movement data to improve decision making. This is not available for micros at a reasonable cost." **—Glen E. Schneider, traffic manager, Robinson's of Florida, St. Petersburg, Fla.**

"Vendors need to be more aware of the end uses and special programs needed to fit our operations." **—Nathaniel Glickman, president, Conejo Courier and Cartage, Newbury Park, Calif.**

"I prefer to have programs written in Basic, that are user flexible." **—F. Cordero, general manager, ADS, Inc., Flushing, N.Y.**

"Vendors need to keep in mind that we need flexibility. I run shipping for two divisions of a small electronics firm, each with different needs. I need to satisfy both without overloading my shipping clerk." **—M. James Grillo, traffic manager, Aerospace Avionics, Inc., Bohemia, N.Y.**

"Improve the training manuals. We use third-party training manuals for Symphony and dBase III because the vendors' efforts are so poor, too complicated." **—Dan Bolger, director of purchasing and distribution, Anchor Hocking, Lancaster, Oh.**

"I need flexibility and compatibility with our present systems in order to meet our needs." **—John Klosterman, International Harvester, Springfield, Oh.**

"We need software that can adequately assist our people in consolidating our truckload and rail trailer shipments, by weight, cube and destination."

QUESTION OF THE MONTH

Along with growing debate over the relative merits and demerits of deregulation, there has been growing talk in the trucking industry about highway safety. Even the most pessimistic shippers, with regard to deregulation, are being forced to admit to at least some good coming out of this deregulatory decade. But has it come at the cost of lower safety standards?

Have the freedoms that have opened opportunity to private carriers in other areas of operation included the freedom to cut corners on what should be routine safety procedures? Or do the new rules of the game make accidents more probable even for the most safety-conscious? Do common carriers have a significantly better or worse safety record than private fleets? Are the recently-imposed size and weight limits a factor?

And when accidents do occur involving a private fleet, is it because fleet managers aren't paying as much attention to safety as they should, or because they, too, are being victimized by the proliferation of counterfeit, inferior parts that seems to be so widespread?

These are all questions that are being asked ever more frequently. Fill out the card below to let us know what you think the answers are.

DIALOGUE

- Has the safety record of private fleets been adversely affected by deregulation?
_____yes; _____no; _____not sure
- Rank the importance of the following according to their contribution to highway accidents (1=greatest importance): _____inadequate safety legislation
_____inadequate enforcement of standards;
_____lack of compliance by private fleet operators;
_____driver error; _____factors beyond human control (weather, etc.)
- Have increased vehicle size and weight limitations had an adverse affect on highway safety?
_____yes; _____no; _____not sure
- How many highway accidents do you think can be attributed to the failure of inferior, counterfeit replacement parts? _____almost none; _____some; _____many
- Does your department offer a safety compliance program for drivers and/or mechanics?
_____yes; _____no; _____not sure

This is what I think about safety on the nation's highways since deregulation:

OPTIONAL

NAME (print) TITLE

COMPANY PHONE

ADDRESS

CITY STATE ZIP

FIGURES IN SPEECH

(Quotes from transportation and distribution notables that caught the ears of DISTRIBUTION editors while covering the industry meeting and seminar circuit.)

"As the Department of Justice concluded, absent the limited divestitures of Conrail and Norfolk Southern property, 'the proposed sale of Conrail violates the standards of the Clayton Act and the Interstate Commerce Act. Despite this, the DOT asks Congress to exempt the transaction from every municipal, state and federal law, including the antitrust laws, and to immunize it and its future implementation from judicial review permanently.' —**Bruce B. Wilson, vice president, Conrail, before the Senate Committee on the Judiciary.**

"Our whole tradition of free enterprise now requires that Conrail be placed in private hands. But before that transfer is consummated, there are many questions to be answered. Is now the best time to make the transfer, and are there other and better alternatives? Frankly, to date many of us have been excluded from the process which has led to DOT's recommendation to sell Conrail to the Norfolk Southern." —**Hays T. Watkins, CEO, CSX Corp., before the Senate Committee on Commerce, Science, and Transportation.**

nation." —**Robert D. Quig, administrative manager, Fritz Co., Inc., San Francisco.**

"I need a system to monitor trailer location and status." —**William J. Willis, distribution manager, HG Toys, Inc., Long Beach, N.Y.**

"We could use a good logistics modeling system that would handle lane analyses, carrier performance, and through-put times on a worldwide basis. A system should be able to provide 'what-if' analyses, a database for all of our moves, and serve as a link between us and our carriers." —**J. Novac, corporate distribution manager, Intel Corp., Hillsboro, Ore.**

"There can never be too much to choose from. The more software that's made available, the easier it will be for shippers to find a system that's just what they're looking for." —**Unsigned.**

EVALUATING THE VENDORS' OUTPUT

Most information on software comes from:	
trade publications	38%
user recommendations	38%
on-site demonstrations	33%
vendor literature	14%
Vendor selection depends primarily on:	
hardware compatibility	52%
programming flexibility	38%
price of systems	29%
There are too many rating/routing systems and not enough claims handling, backhaul, etc.	47%
disagree	19%
Software comparable to that offered by vendors can be developed in-house	47%
disagree	38%
Biggest reason for relying on vendors rather than developing in-house software is:	
manpower limitations	47%
cost of development and maintenance	38%
lack of computer expertise	29%
There should be more software tailored to:	
minicomputers	38%
microcomputers	29%
mainframe computers	24%

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SECOND QUARTER

DISTRIBUTION's CARRIER PORTFOLIO

Our exclusive financial report gives shippers a new way to take stock of the carriers most likely to succeed.

The information and statistics contained herein have been obtained from sources believed to be reliable, but are not guaranteed to be accurate, all-inclusive, or complete. This is not to be construed as an offer or the solicitation of an offer to buy or sell the securities mentioned herein. This information is subject to change without notice.

No one questions the importance of keeping tabs on the financial fortunes of the carriers shippers depend on for the movement of their freight. Deregulation has not only increased the risk of service disruptions due to financial failings, it has also created greater rate flexibility, which has a direct tie-in with how well—or poorly—a carrier's doing.

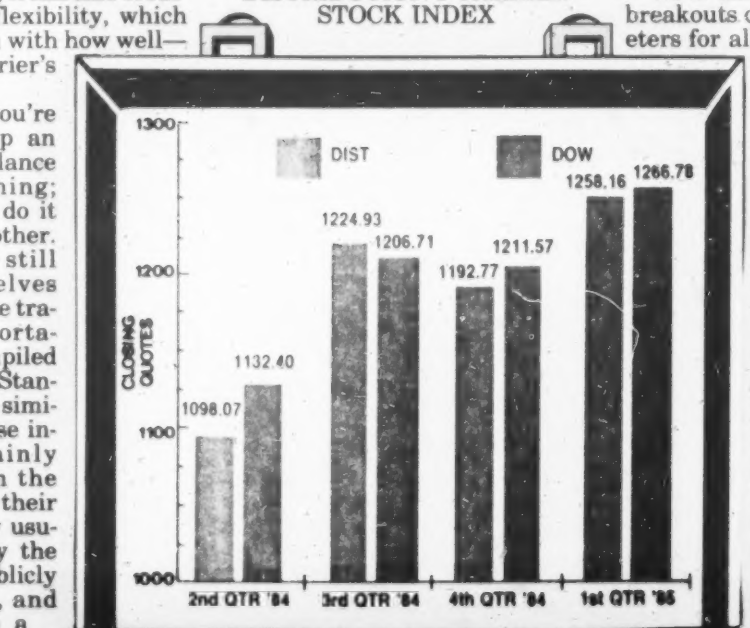
But knowing you're supposed to keep an eye on carrier balance sheets is one thing; knowing how to do it best is quite another. Many shippers still content themselves with watching the traditional transportation indices compiled by Dow Jones, Standard & Poor's, or similar services. These indices are certainly useful, but even the best ones have their drawbacks. They usually include only the largest of the publicly traded carriers, and they often have a heavy motor carrier or railroad orientation.

Not so with the DISTRIBUTION Carrier Portfolio, though. It includes our exclusive Carrier Stock Index, which will take into account the stock prices of 39 publicly traded carriers representing the major modes of transportation. By comparing our Carrier Stock Index with the Dow Jones Industrials Index, which gauges the performance of the overall economy, shippers can get a more representative picture of how transportation companies are faring.

We'll also give you individual breakouts of key financial barometers for all the companies in our "portfolio." We'll compare performance in five key areas against the numbers those companies rang up three months earlier. And within our five modal categories, we'll rank the companies according to their current profit margin.

DISTRIBUTION's Carrier Portfolio will be prepared quarterly for this publication by Nordby International Inc., Boulder, Colo. If you have further questions about the Carrier Stock Index, or would like to see other carriers mentioned, please write to DISTRIBUTION's Carrier Portfolio, c/o DISTRIBUTION Magazine, Chilton Co., Radnor, Pa. 19089.

DISTRIBUTION's CARRIER STOCK INDEX



SECOND QUARTER

	Companies	Period Ending:	Current Ratio*	Long Term Debt/Equity	Net Income (millions)	Profit Margin (x100)	Return On Equity
AIRLINES	Continental	Jan	0.00	100.00	-218.43	2.00	NA
		April	0.00	100.00	29.16	2.00	NA
	Delta	Jan	0.65	39.01	175.57	4.00	16.7
		April	0.67	36.00	175.57	4.00	17.7
	Eastern	Jan	0.88	95.31	-183.70	0.00	NA
		April	0.88	95.31	-37.31	0.00	NA
	Northwest Airlines	Jan	0.84	10.14	50.17	2.00	5.9
		April	0.79	10.07	86.90	3.00	9.7
	Pan American	Jan	0.95	80.06	-59.13	0.00	NA
		April	0.95	80.06	-206.83	0.00	NA
	Piedmont Aviation	Jan	1.08	65.26	25.54	2.00	9.1
		April	1.08	54.97	58.18	4.00	17.3
	Republic Airlines	Jan	0.96	97.78	-111.02	0.00	NA
		April	0.96	97.89	13.71	0.00	NA
	Transamerica	Jan	0.00	65.47	175.83	3.00	8.1
		April	0.00	66.29	171.52	3.00	4.1
	United Airlines	Jan	0.74	43.05	142.08	2.00	15.9
		April	0.73	37.57	260.90	3.00	14.7
	USAir Group	Jan	1.40	38.83	80.61	5.00	13.1
		April	1.68	34.00	121.63	7.00	16.5
	Western Airlines	Jan	0.61	88.97	96.99	0.00	NA
		April	0.61	89.63	-29.20	0.00	NA
CONTAINER LESSORS	Flexi-Van	Jan	1.17	59.59	-6.08	0.00	2.8
		April	1.17	59.59	21.43	12.00	0.9
	Gelco	Jan	0.00	98.10	13.09	1.00	6.3
		April	0.00	98.03	13.09	1.00	5.5
	Xtra, Inc.	Jan	1.51	62.03	19.35	10.00	10.0
		April	2.22	63.05	19.35	10.00	13.7
COMMON CARRIERS	Butler Int'l	Jan	1.51	21.27	5.11	1.00	7.5
		April	1.51	27.02	5.21	1.00	NA
	Carolina Freight Corp	Jan	1.02	39.82	11.57	3.00	17.3
		April	1.10	37.95	1.10	2.00	16.8
	Consolidated Freightways	Jan	1.42	10.30	65.46	4.00	13.5
		April	1.46	10.51	74.45	4.00	13.5
	I U International	Jan	1.45	49.73	44.94	2.00	12.0
		April	1.45	49.73	7.90	2.00	NA
	Leaseway Transport	Jan	0.79	53.02	37.26	2.00	12.8
		April	0.79	53.02	30.48	2.00	14.0
	Overnight Transportation	Jan	2.34	0.95	28.51	8.00	18.4
		April	2.34	0.95	33.94	8.00	18.7
	Roadway Services	Jan	2.03	0.00	99.22	7.00	17.3
		April	2.00	0.00	100.01	6.0	17.3
	Ryder System	Jan	1.05	62.51	101.12	4.00	15.6
		April	1.05	64.61	135.92	5.00	15.3
	Transcon, Inc	Jan	1.69	45.11	2.28	0.00	7.8
		April	1.69	45.11	5.37	1.00	NA
	Yellow Freight System	Jan	0.78	14.52	49.19	4.00	15.1
		April	0.78	14.52	44.10	3.00	15.8
RAILROADS	Burlington Northern	Jan	0.99	40.38	413.27	9.00	14.6
		April	0.99	37.86	578.95	6.00	12.5
	Canadian Pacific	Jan	1.26	100.00	143.59	1.00	8.4
		April	1.26	100.00	143.59	1.00	8.5
	CSX Corp	Jan	1.14	33.37	271.58	4.00	9.5
		April	1.12	32.02	464.98	5.00	9.5
	Kansas City Southern	Jan	1.07	28.41	41.84	10.00	11.7
		April	1.07	28.41	49.08	9.00	10.7
	Norfolk Southern Corp	Jan	2.14	16.63	356.45	11.00	8.5
		April	2.14	16.63	482.21	13.00	10.8
	Santa Fe Southern Pac	Jan	1.56	21.15	333.36	5.00	8.5
		April	1.47	22.43	490.80	7.00	8.4
	Union Pacific	Jan	1.19	33.25	296.88	3.00	11.7
		April	1.05	31.43	494.08	6.00	10.7
AIR CARRIERS AND FORWARDERS	Airborne Freight	Jan	1.39	19.63	8.93	2.00	14.1
		April	1.33	27.43	10.83	2.00	14.1
	Air Express Int'l	Jan	1.14	64.70	-3.40	0.00	NA
		April	1.14	60.61	0.01	0.00	NA
	Emery Air Freight	Jan	1.38	27.89	24.99	3.00	19.0
		April	1.66	31.60	31.89	3.00	19.0
	Federal Express	Jan	1.33	42.19	115.4	8.00	16.1
		April	1.34	45.06	115.4	8.00	16.0
	Profit Freight Systems	Jan	1.43	5.87	2.82	2.00	29.8
		April	1.39	5.69	2.82	2.00	NA
	Purolator	Jan	0.93	18.66	23.13	3.00	12.9
		April	0.93	18.66	15.52	1.00	7.2
	Tiger International	Jan	3.34	94.23	-184.82	0.00	NA
		April	3.34	94.23	-88.93	0.00	NA
	Transway International	Jan	2.08	27.00	14.72	1.00	12.4
		April	2.08	27.00	23.27	2.00	12.2

*Current ratio equals current assest/current liability